

## **SOUTH WEBER CITY**

**Annual Financial Report  
Fiscal Year Ended June 30, 2006  
(With Accountants' Report Therein)**

# **SOUTH WEBER CITY**

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**For The Fiscal Year Ended June 30, 2006**

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of City Council  
South Weber City Corporation  
South Weber City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and information of South Weber City (the City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis listed in the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary budget schedules and schedule of impact fees described in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budget schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of impact fees has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
November 14, 2006

**CERTIFIED PUBLIC ACCOUNTANTS**

# South Weber City

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2006

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South Weber City's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2006. As management of the City, we encourage readers to consider information contained in this discussion.

### **FINANCIAL HIGHLIGHTS**

The assets of South Weber City exceeded its liabilities at the end of the current fiscal year by \$13,165,302 (net assets). Of this amount, \$1,984,202 (unrestricted assets) is available to meet ongoing obligations of citizens and creditors. Net assets increased by \$597,201.

The City's Governmental funds reported a combined ending fund balance of \$6,438,905. Of the combined total fund balance, \$546,630 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unreserved and undesignated fund balance of the general fund at June 30, 2006, totaled \$303,925 and is 18% of the general fund total revenues for the year. Total debt for South Weber City decreased approximately \$377,435. Since the City has increased the total fund balance, the financial position of the City has improved this year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to South Weber City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

**Government-wide financial statements** give readers a broad overview of the entire City's financial position, and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the statement of net assets and the statement of activities.

The statement of net assets shows South Weber City's entire assets and liabilities with the difference shown as net assets. Increases or decreases over time in net assets gives an indicator as to whether the financial condition of South Weber City is improving or declining.

The statement of activities shows the changes to net assets that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for South Weber City include general government, streets, parks, recreation, and other departments. The business-type activities include water and sewer operations.

The government-wide financial statements include only the financial statements of South Weber City. The City does not have any component units.

The government-wide financial statements are found immediately following this discussion and analysis.

Fund financial statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. South Weber City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements to aid in the comparison.

South Weber City uses three different major government funds, which are the general fund, special revenue, and the capital improvements fund. The information on these funds is shown separately. The City has no nonmajor funds. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Within the proprietary funds is the enterprise fund. The enterprise fund reports the same functions as the business-type activities in the government-wide financial statements. The enterprise fund maintained by South Weber City is the water and sewer utility.

Proprietary funds present the same information as in the government-wide statements, but in more detail. The water and sewer utility fund is considered to be a major fund of South Weber City.

Notes to the financial statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

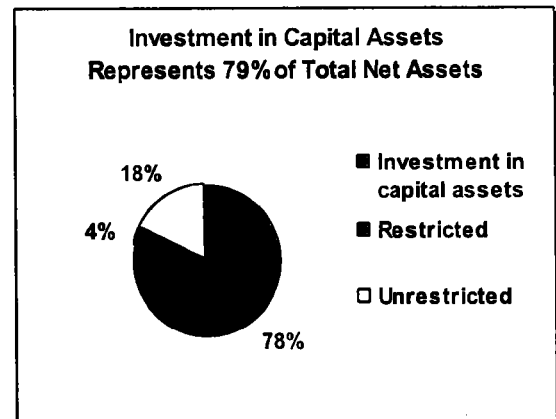
#### **OTHER INFORMATION**

Other information is contained in this report immediately following the notes to the financial statements and required supplementary information as listed in the table of contents.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 1,915,213	\$ 1,593,490	\$ 1,490,265	\$ 1,331,809	\$ 3,405,478	\$ 2,925,299
Capital assets	6,400,173	6,635,885	6,519,034	6,677,497	12,919,207	13,313,382
Other assets	198,665	201,769	115,024	117,088	313,689	318,857
<b>Total assets</b>	<b>\$ 8,514,051</b>	<b>\$ 8,431,144</b>	<b>\$ 8,124,323</b>	<b>\$ 8,126,394</b>	<b>\$ 16,638,374</b>	<b>\$ 16,557,538</b>
Current and other liabilities	\$ 394,013	\$ 468,576	\$ 300,459	\$ 370,349	\$ 694,472	\$ 838,925
Long-term liabilities	1,681,133	1,791,788	1,097,467	1,358,724	2,778,600	3,150,512
<b>Total liabilities</b>	<b>2,075,146</b>	<b>2,260,364</b>	<b>1,397,926</b>	<b>1,729,073</b>	<b>3,473,072</b>	<b>3,989,437</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	5,038,410	4,819,885	5,186,137	5,074,828	10,224,547	9,894,713
Restricted	853,865	526,020	102,688	120,490	956,553	646,510
Unrestricted	546,630	824,875	1,437,572	1,202,003	1,984,202	2,026,878
<b>Total net assets</b>	<b>6,438,905</b>	<b>6,170,780</b>	<b>6,726,397</b>	<b>6,397,321</b>	<b>13,165,302</b>	<b>12,568,101</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,514,051</b>	<b>\$ 8,431,144</b>	<b>\$ 8,124,323</b>	<b>\$ 8,126,394</b>	<b>\$ 16,638,374</b>	<b>\$ 16,557,538</b>

By far the largest component of South Weber City's net assets is its investment in capital assets. The 78% of total net assets represents the City's investment in land and improvements, buildings, machinery and equipment, roads, streetlights, and bridges, less any related outstanding debt that was used to acquire these assets. South Weber City uses these capital assets to provide services to citizens who live, work, pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.



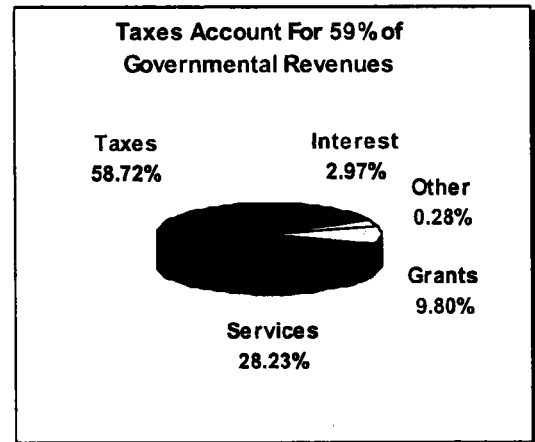
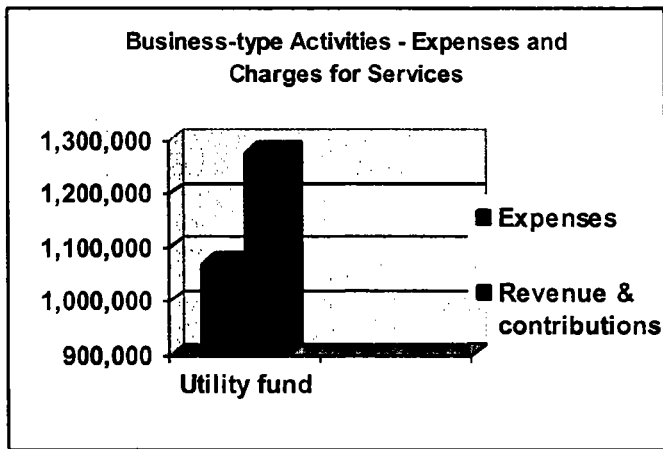
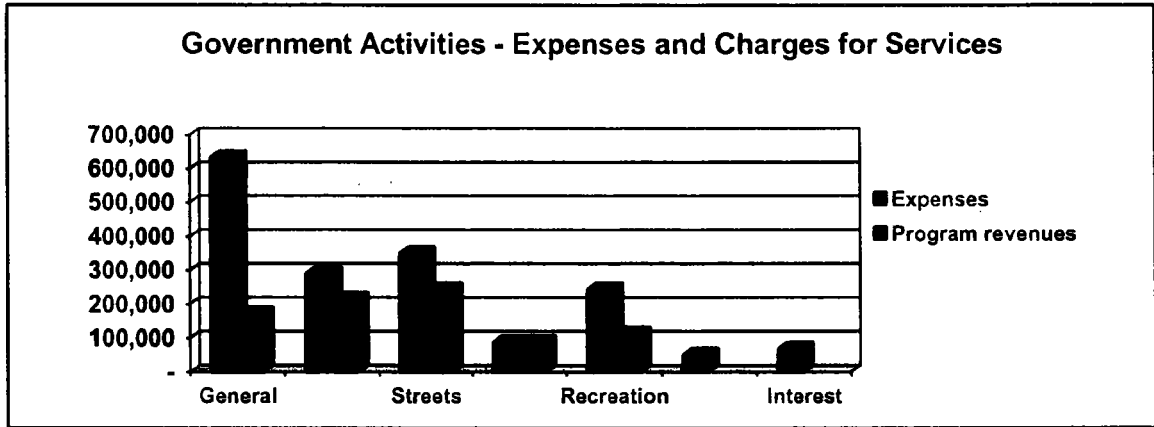
An additional part of net assets, 4%, are assets that are subject to external restrictions on how they may be expended. The remaining 18% of net assets can be used to meet the City's ongoing obligations to its creditors and to citizens.

**SOUTH WEBER CITY'S CHANGES IN NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>						
Charges for services	\$ 465,935	\$ 469,924	\$ 1,240,641	\$ 1,200,781	\$ 1,706,576	\$ 1,670,705
Operating grants and contributions	181,301	156,158	-	-	161,301	156,158
Capital grants and contributions	35,768	29,786	-	94,193	35,768	123,979
General revenues:						
Property taxes, levied for general purposes	256,222	238,387	-	-	256,222	238,387
Impact fees	187,527	37,534	36,557	-	204,084	37,534
Franchise taxes	320,795	249,322	-	-	320,795	249,322
Sales taxes	543,272	472,539	-	-	543,272	472,539
Other revenues	5,621	23,994	-	-	5,621	23,994
Investment earnings	59,569	43,869	47,313	28,789	106,882	72,658
Total revenues	<u>2,016,010</u>	<u>1,721,513</u>	<u>1,324,511</u>	<u>1,323,763</u>	<u>3,340,521</u>	<u>3,045,276</u>
<b>Expenses</b>						
General government	634,467	498,142	-	-	634,467	498,142
Highway and streets	350,180	433,755	-	-	350,180	433,755
Public safety	289,016	207,889	-	-	289,016	207,889
Parks	87,791	72,561	-	-	87,791	72,561
Recreation	243,501	196,083	-	-	243,501	196,083
Nondepartmental	51,412	169,115	-	-	51,412	169,115
Interest on long-term debt	68,587	85,140	-	-	68,587	85,140
Utility	-	-	1,018,365	995,559	1,018,365	995,559
Total Expenses	<u>1,724,954</u>	<u>1,662,685</u>	<u>1,018,365</u>	<u>995,559</u>	<u>2,743,319</u>	<u>2,658,244</u>
Transfers	<u>(22,930)</u>	<u>(31,300)</u>	<u>22,930</u>	<u>31,300</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<b>268,126</b>	<b>27,528</b>	<b>329,076</b>	<b>359,504</b>	<b>597,202</b>	<b>387,032</b>
<b>NET ASSETS, BEGINNING</b>	<u><b>6,170,779</b></u>	<u><b>6,143,251</b></u>	<u><b>6,397,321</b></u>	<u><b>6,037,817</b></u>	<u><b>12,568,100</b></u>	<u><b>12,181,068</b></u>
<b>NET ASSETS, ENDING</b>	<u><u><b>\$ 6,438,905</b></u></u>	<u><u><b>\$ 6,170,779</b></u></u>	<u><u><b>\$ 6,726,397</b></u></u>	<u><u><b>\$ 6,397,321</b></u></u>	<u><u><b>\$ 13,165,302</b></u></u>	<u><u><b>\$ 12,568,100</b></u></u>

## GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net assets increased by \$268,125 for the year ended June 30, 2006. Governmental activities contributed to 49% of the increase in total City net assets during the year. The major reason for the increase resulted from tax collections that exceeded expenditures. The City also collected various other fees and revenues above the amount needed for governmental activities.



Business-type activities contributed an amount of \$329,076 or 51% of the total increase to net assets. The most significant reason for this increase in business-type activities is that charges for services exceeded expenses by \$208,599. The City also received \$47,313 in invested earnings during the year for business-type activities.

## FINANCIAL ANALYSIS OF SOUTH WEBER CITY'S FUNDS

South Weber City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2006.

For the period ended June 30, 2006, the City's governmental funds reported combined net assets in the amount of \$6,438,905, with an increase of \$268,125, compared with the prior fiscal year. Of the total balance at year-end, \$546,630 is unreserved and undesignated. There is also an amount of \$853,865 reserved for specific capital projects.



The General Fund is the main operating fund for South Weber City. At June 30, 2006, the general fund's unreserved fund balance was \$303,925 and a reserve balance of \$116,395 which equaled the total fund balance. Total fund balance of the general fund for South Weber City decreased by \$7,097. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance for governmental funds was 18% of total expenditures and transfers out while the total fund balance equaled to 33% of current expenditures.

The capital projects fund had a total fund balance of \$1,173,890 at June 30, 2006, of which \$686,590 is reserved for special projects and programs, and \$487,300 is unreserved and undesignated. The net increase in fund balance for the year amounted to \$316,375.

The special revenue had a total fund balance of \$105,207 of which \$50,880 is reserved for impact fees. The total fund balanced increased \$77,132 from a transfer from the general fund.

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's major proprietary fund totaled \$1,437,572. Discussions about the finances of this fund are addressed in the City's business-type activities.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General fund adjustments were approved at \$273,672 for increases in the general fund from additional sales and franchise taxes and finds. The general governmental expenditures increased \$16,536 for public safety, and \$98,250 and \$13,614 for street and parks departments decreases, respectively.

#### **CAPITAL IMPROVEMENTS FUND BUDGETARY HIGHLIGHTS**

Capital improvements fund adjustments were approved for increases in capital outlay from the recreation center.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

South Weber City's investment in capital assets for its governmental and business type activities combined totaled \$12,919,207 (net of \$5,494,906 accumulated depreciation) at June 30, 2006. Types of assets included in this category are land and water rights, buildings and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, traffic signals, water and waste water distribution, and collection systems. The City's investment in net capital assets equals nearly 80% of total assets. Governmental activities net capital assets to governmental activities assets equaled 75% while business-type activities percentage was 81%.

Major capital asset activities that occurred during the past fiscal year include:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land and water rights	\$ 1,113,891	\$ 1,100,991	\$ 8,467	\$ 8,467	\$ 1,122,358	\$ 1,109,458
Office equipment	13,678	13,678	-	-	13,678	13,678
Buildings	3,106,797	3,100,817	304,114	304,114	3,410,911	3,404,931
Improvements, other than buildings	4,796,422	4,796,422	7,451,372	7,451,372	12,247,794	12,247,794
Vehicles	437,615	417,615	293,180	270,250	730,795	687,865
Machinery and equipment	589,841	556,234	298,737	294,396	888,578	850,630
Accumulated depreciation	(3,658,071)	(3,349,872)	(1,836,835)	(1,651,102)	(5,494,906)	(5,000,974)
Net book value	<u>\$ 6,400,173</u>	<u>\$ 6,635,885</u>	<u>\$ 6,519,035</u>	<u>\$ 6,677,497</u>	<u>\$ 12,919,208</u>	<u>\$ 13,313,382</u>

At June 30, 2006, South Weber City's total debt amounted to \$3,041,233 of which \$1,345,233 was incurred by the City's business-type activities and the remaining \$1,696,000 was incurred by the City's governmental units. All of the City's debt is known as revenue bonds and is secured by specific revenue sources (i.e. property taxes, water, and sewer revenues).

Additional information on South Weber City's capital assets and debt can be found in Notes 3 and 5 in the notes to the City's basic financial statements.

**South Weber City's Outstanding Debt**  
**Revenue Bonds**

	Governmental Activities		Business Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenue bonds	<u>\$ 1,696,000</u>	<u>\$ 1,816,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,559,000</u>	<u>\$ 3,013,000</u>	<u>\$ 3,375,000</u>
Totals	<u>\$ 1,696,000</u>	<u>\$ 1,816,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,559,000</u>	<u>\$ 3,013,000</u>	<u>\$ 3,375,000</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As of September 2006, the state unemployment rate was 4.2%, down from 5.1% the previous year. This is consistent with the nationwide decrease in unemployment rates as the economy continues to recover. Currently, South Weber City is experiencing a similar economic pick-up consistent with the rest of the nation. The City has some subdivisions that could bring more property taxes into the City in future years since the land was previously farm property subject to the greenbelt provisions. The rates and fees for most services remained constant for fiscal year 2006 compared with the fiscal year just ended.

**REQUEST FOR INFORMATION**

This financial report is designed to give its readers a general overview of the South Weber City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to South Weber City, 1600 East South Weber Drive, South Weber City, Utah 84405.

# SOUTH WEBER CITY

## Statement of Net Assets

June 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Restricted	\$ 569,473	\$ 17,802	\$ 587,275
Unrestricted	972,723	1,387,798	2,360,521
Receivables			
Property, franchise, and excise taxes	373,017	-	373,017
Accounts, less allowance for doubtful accounts of \$0	-	84,665	84,665
Total current assets	<u>1,915,213</u>	<u>1,490,265</u>	<u>3,405,478</u>
<b>NONCURRENT ASSETS</b>			
Restricted cash	<u>117,117</u>	<u>102,688</u>	<u>219,805</u>
Property and equipment, at cost			
Land and water rights	1,113,891	8,467	1,122,358
Office equipment	2,436	-	2,436
Buildings	2,854,063	277,454	3,131,517
Improvements, other than buildings	2,313,442	5,991,071	8,304,513
Vehicles	87,196	111,900	199,096
Machinery and equipment	29,145	130,142	159,287
Net property and equipment	<u>6,400,173</u>	<u>6,519,034</u>	<u>12,919,207</u>
Bond issue costs, less accumulated amortization of \$37,849	<u>81,548</u>	<u>12,336</u>	<u>93,884</u>
Total noncurrent assets	<u>6,598,838</u>	<u>6,634,058</u>	<u>13,232,896</u>
<b>Total assets</b>	<u><u>\$ 8,514,051</u></u>	<u><u>\$ 8,124,323</u></u>	<u><u>\$ 16,638,374</u></u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Net Assets, Continued June 30, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 20,957	\$ 15,353	\$ 36,310
Accounts payable to related parties	-	14,620	14,620
Current portion of capital leases	-	14,129	14,129
Restricted assets:			
Current portion of revenue bonds	109,000	247,000	356,000
Accrued interest	34,630	2,891	37,521
Deferred revenues	215,020	-	215,020
Accrued liabilities	14,406	6,466	20,872
Total current liabilities	<u>394,013</u>	<u>300,459</u>	<u>694,472</u>
<b>NON-CURRENT LIABILITIES</b>			
Deposits, advance rentals, and long-term accruals	82,529	5,549	88,078
Long-term compensation liability	11,604	7,814	19,418
Restricted assets:			
Long-term portion of revenue bonds	1,587,000	1,070,000	2,657,000
Long-term portion of capital leases	-	14,104	14,104
Total non-current liabilities	<u>1,681,133</u>	<u>1,097,467</u>	<u>2,778,600</u>
<b>Total liabilities</b>	<u>2,075,146</u>	<u>1,397,926</u>	<u>3,473,072</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	5,038,410	5,186,137	10,224,547
Restricted for:			
Specific projects and programs	853,865	102,688	956,553
Unrestricted	546,630	1,437,572	1,984,202
Total net assets	<u>6,438,905</u>	<u>6,726,397</u>	<u>13,165,302</u>
<b>Total liabilities and net assets</b>	<u>\$ 8,514,051</u>	<u>\$ 8,124,323</u>	<u>\$ 16,638,374</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Statement of Activities

For the Year Ended June 30, 2006

					Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Government activities							
General government	\$ 634,467	\$ 172,316	\$ -	\$ -	\$ (462,151)	\$ -	\$ (462,151)
Public safety	289,016	202,521	3,160	8,990	(74,345)	-	(74,345)
Highway and streets	350,180	-	158,141	85,152	(106,887)	-	(106,887)
Parks	87,791	34,184	-	54,000	393	-	393
Recreation	243,501	56,914	-	55,152	(131,435)	-	(131,435)
Nondepartmental	51,412	-	-	-	(51,412)	-	(51,412)
Interest on long term debt	68,587	-	-	-	(68,587)	-	(68,587)
Total government activities	1,724,954	465,935	161,301	203,294	(894,424)	-	(894,424)
Business-type activities							
Utility	1,018,365	1,240,641	-	36,557	-	258,833	258,833
Total business-type activities	1,018,365	1,240,641	-	36,557	-	258,833	258,833
Total primary government	\$ 2,743,319	\$ 1,706,576	\$ 161,301	\$ 239,851	(894,424)	258,833	(635,591)
General Revenues							
Taxes							
Property taxes, levied for general purposes					256,222	-	256,222
Franchise taxes					320,795	-	320,795
Sales taxes					543,272	-	543,272
Other revenue					5,621	-	5,621
Investment earnings					59,569	47,313	106,882
Transfers					(22,930)	22,930	-
Total general revenues, special items, and transfers					1,162,549	70,243	1,232,792
Changes in net assets					268,125	329,076	597,201
Net assets, July 1, 2005					6,170,780	6,397,321	12,568,101
Net assets, June 30, 2006					\$ 6,438,905	\$ 6,726,397	\$ 13,165,302

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Balance Sheet Governmental Funds June 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
ASSETS				
Cash and cash equivalents	\$ 178,930	\$ 893,421	\$ 56,688	\$ 1,129,039
Receivables				
Property, franchise, and excise tax	373,017	-	-	373,017
Restricted assets				
Cash and cash equivalents	116,395	362,998	50,880	530,273
Total assets	<u>\$ 668,342</u>	<u>\$ 1,256,419</u>	<u>\$ 107,568</u>	<u>\$ 2,032,329</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
LIABILITIES				
Account payable	\$ 20,608	\$ -	\$ 349	\$ 20,957
Accrued liabilities	12,394	82,529	2,012	96,935
Deferred revenue	215,020	-	-	215,020
Total liabilities	<u>248,022</u>	<u>82,529</u>	<u>2,361</u>	<u>332,912</u>
FUND BALANCES				
Unreserved and undesignated	303,925	487,300	54,327	845,552
Reserved for:				
Class C road	116,395	-	-	116,395
Specific projects and programs	-	686,590	50,880	737,470
Total fund balances	<u>420,320</u>	<u>1,173,890</u>	<u>105,207</u>	<u>1,699,417</u>
Total liabilities and fund balances	<u>\$ 668,342</u>	<u>\$ 1,256,419</u>	<u>\$ 107,568</u>	<u>\$ 2,032,329</u>

The accompanying notes are an integral part of this statement.

# **SOUTH WEBER CITY**

## **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets For the Year Ended June 30, 2006**

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### **TOTAL FUND BALANCE**

Total net assets reported for governmental activities in the statement of net assets is different because: \$ 1,699,417

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,113,891	
Buildings	3,106,797	
Improvements, other than buildings	4,796,422	
Equipment	589,841	
Office furniture	13,678	
Vehicles	437,615	
Less accumulated depreciation	<u>(3,658,071)</u>	
Total capital assets		6,400,173

Bond costs are expensed in the governmental funds and capitalized and amortized in the government wide statements. 81,548

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statements of net assets.

Accrued liabilities	(11,603)	
Accrued interest on bonds	(34,630)	
Current portion of revenue bonds	(109,000)	
Long-term portion of revenue bonds	<u>(1,587,000)</u>	
Total liabilities		<u>(1,742,233)</u>

Total net assets of governmental activities \$ 6,438,905

# SOUTH WEBER CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2006

	General	Capital Projects	Special Revenue	Totals
<b>REVENUES</b>				
General property taxes	\$ 256,222	\$ -	\$ -	\$ 256,222
Sales, use, and excise taxes	433,309	-	109,963	543,272
Franchise taxes	320,795	-	-	320,795
Impact fees	-	99,474	55,964	155,438
Licenses	135,552	-	-	135,552
Fines	198,659	-	-	198,659
Interest	59,569	-	-	59,569
Intergovernmental	196,257	-	-	196,257
Charges for services	21,930	16,186	56,914	95,030
Contributions	3,580	-	-	3,580
Miscellaneous	38,735	-	-	38,735
Total revenues	<u>1,664,608</u>	<u>115,660</u>	<u>222,841</u>	<u>2,003,109</u>
<b>EXPENDITURES</b>				
Current				
General government	632,047	-	-	632,047
Highway and streets	186,529	-	-	186,529
Public safety	276,147	-	-	276,147
Parks	83,385	-	-	83,385
Recreation	-	-	196,046	196,046
Capital outlay	-	49,285	-	49,285
Debt service:				
Principal	75,000	-	45,000	120,000
Interest	8,297	-	64,963	73,260
Total expenditures	<u>1,261,405</u>	<u>49,285</u>	<u>306,009</u>	<u>1,616,699</u>
Revenues over (under) expenditures	<u>403,203</u>	<u>66,375</u>	<u>(83,168)</u>	<u>386,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers, in	30,000	380,000	160,300	570,300
Operating transfers, out	(440,300)	(130,000)	-	(570,300)
Total other financing sources (uses)	<u>(410,300)</u>	<u>250,000</u>	<u>160,300</u>	<u>-</u>
Revenue and other sources over (under) expenditures and other uses	(7,097)	316,375	77,132	386,410
FUND BALANCE, JULY 1, 2005	<u>427,417</u>	<u>857,515</u>	<u>28,075</u>	<u>1,313,007</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 420,320</u>	<u>\$ 1,173,890</u>	<u>\$ 105,207</u>	<u>\$ 1,699,417</u>

The accompanying notes are an integral part of this statement.



## **SOUTH WEBER CITY**

### **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Funds Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2006**

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NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS	\$ 386,410
-----------------------------------------------------------	------------

The change in net assets reported for governmental activities  
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives  
and reported as depreciation expense. This is the amount  
by which depreciation expense (\$308,199) exceeded  
capital outlay (\$72,487).

(235,712)

Repayment of principal is an expenditure in the governmental  
funds but reduces the liability in the statement of net assets.

128,865

Some expenses reported in the statement of activities do not  
require the use of current financial resources, and therefore,  
are not reported as expenditure in governmental funds.

This adjustment is as follows:

Accrued absences

(7,814)

Accrued interest

(3,624)

(11,438)

Change in net assets of governmental activities

\$ 268,125

# **SOUTH WEBER CITY**

## **Statement of Net Assets**

### **Proprietary Funds**

**June 30, 2006**

	<b>Business-type Utility</b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	
Restricted	\$ 120,490
Unrestricted	1,387,798
Receivables	
Accounts, less allowance for doubtful account of \$0	84,665
Total current assets	<u>1,592,953</u>
<b>NON-CURRENT ASSETS</b>	
Property and equipment, at cost	
Land and easements	8,467
Buildings	304,114
Improvements, other than buildings	7,451,372
Machinery and equipment	298,737
Vehicles	293,180
Accumulated depreciation	(1,836,836)
Net property and equipment	<u>6,519,034</u>
Bond issue costs, less accumulated amortization of \$32,665	12,336
Total non-current assets	<u>12,336</u>
<b>Total assets</b>	<b><u>\$ 8,124,323</u></b>

The accompanying notes are an integral part of this statement.

# **SOUTH WEBER CITY**

## **Statement of Net Assets Proprietary Funds, Continued June 30, 2006**

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### **LIABILITIES**

#### **CURRENT LIABILITIES**

Accounts payable	\$ 15,353
Accounts payable to related party	14,620
Current portion bonds payable	247,000
Current portion capital leases	14,129
Accrued liabilities	6,466
Other liabilities payable from restricted assets	<u>2,891</u>
Total current liabilities	<u>300,459</u>

#### **NONCURRENT LIABILITIES**

Deposits, advance rentals, and long term accruals	5,549
Long term compensation liability	7,814
Bonds payable	1,070,000
Capital leases	<u>14,104</u>
Total noncurrent liabilities	<u>1,097,467</u>

Total liabilities	<u>1,397,926</u>
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#### **NET ASSETS**

Investment in capital assets, net of related debt	5,186,137
Restricted debt service	102,688
Unrestricted	<u>1,437,572</u>
Total net assets	<u>6,726,397</u>

Total liabilities and net assets	<u><u>\$ 8,124,323</u></u>
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# **SOUTH WEBER CITY**

## **Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2006**

	<b>Business-type Activities Enterprise Funds</b>
	<u>Utility</u>
<b>OPERATING REVENUE</b>	
Sales and charges for services	<u>\$ 1,277,198</u>
Total operating revenue	<u>1,277,198</u>
<b>OPERATING EXPENDITURES</b>	
Personnel services	275,170
Supplies	520,451
Utilities	31,512
Depreciation and amortization	<u>185,733</u>
Total operating expenditures	<u>1,012,866</u>
Operating income	<u>264,332</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	47,313
Interest expense	<u>(5,499)</u>
Total non-operating revenues (expenses)	<u>41,814</u>
<b>CAPITAL CONTRIBUTIONS</b>	
Grants and other contributions	<u>22,930</u>
Total capital contribution	<u>22,930</u>
Increase in net assets	329,076
NET ASSETS, JULY 1, 2005	<u>6,397,321</u>
NET ASSETS, JUNE 30, 2006	<u><u>\$ 6,726,397</u></u>

The accompanying notes are an integral part of this statement.

# **SOUTH WEBER CITY**

## **Statement of Cash Flows Proprietary Funds For The Year Ended June 30, 2006**

	<b>Business Activities Water/Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,296,485
Payments to suppliers	(622,881)
Payments to employees	(275,170)
Net cash provided by operating activities	<u>398,434</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(27,271)
Principal paid on bonds and leases	(257,435)
Interest paid on bonds and leases	(5,979)
Cash flows from capital financing transfers:	22,930
Net cash used in capital and related financing activities	<u>(267,755)</u>
Cash flows from investing activities	
Investment earnings	<u>47,313</u>
Net cash provided by investing activities	<u>47,313</u>
Net increase in cash and cash equivalents	177,992
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,330,296</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,508,288</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 264,332
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	185,733
Increase (decrease) due to changes in:	
Accounts receivable	19,287
Accounts payable	(70,918)
Accrued liabilities affecting operating activities	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 398,434</u></u>
Cash summary	
Restricted	\$ 120,490
Unrestricted	<u>1,387,798</u>
Total	<u><u>\$ 1,508,288</u></u>

The accompanying notes are an integral part of this statement.

# **SOUTH WEBER CITY**

## **Notes to the Financial Statements For The Fiscal Year Ended June 30, 2006**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **History and Organization**

South Weber City was incorporated August 1, 1936. The City operates under a mayor-council form of government and provides the following services authorized by its charter: public safety, highways and streets, parks, recreation, planning and zoning, water, and general administrative.

#### **Financial Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the City holds corporate powers, and all component units for which the City is financially accountable. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*, has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board and, either (1) the City has the ability to impose its will on the organization or, (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City currently does not have any component units.

#### **Basis of Presentation – Government-Wide and Fund Financial Statements**

Government-wide statements are comprised of the statement of net assets and the statement of activities. They contain information on all of the activities of the primary government and its component. Most effects of inter-fund activities have been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues, while business-type activities receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues are: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given activity or, (2) grants or other contributions that are restricted to operations or capital needs of a specific activity. General revenues are those revenues, such as taxes and other items, which are not properly reported as program revenues.

Separate financial statements are included for governmental funds and proprietary funds. Major individual governmental funds are reported in separate columns in the governmental funds statements, as are major individual proprietary funds in the proprietary funds statements.

#### **Measurement Focus and Basis of Accounting**

Measurement focus refers to the types of assets that appear on the statement of net assets, and changes to those same assets, which appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net assets and changes to net current assets in the statement of activities. The flow of economic resources measurement focus shows total assets and liabilities on the statement of net assets and changes to net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

**Government-Wide and Proprietary Fund Statements** use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred,

regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met.

South Weber City's only enterprise fund is the utility fund for water and sewer operations and is a major fund of the City. The Water Utility delivers potable water to nearly all residents and businesses located in the City. The City has its own sewer lines but does not own a sewer plant. The City pays another government entity to process sewer. The City collects fees from customers located within the City limits for services.

Proprietary funds have separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charged to customers for services. Operating expenses include the cost of providing water services, administrative overhead expenses, and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Accordingly, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Consequently, the City does not apply FASB pronouncements issued after November 30, 1989.

**Governmental Fund Statements** use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a practical matter, South Weber City uses 60 days as a cut-off for meeting the available criterion. Property taxes are considered "measurable" when levied, and available when collected and held by the county. Any amounts not available are recorded as deferred revenue. Franchise taxes are considered "measurable" when collected and held by the utility company, and are recognized as revenue at that time. Other revenues that are determined to be susceptible to accrual include grants earned and other intergovernmental revenues, and assessments. Property taxes and assessments are recorded as receivables when levied or assessed. However, they are reported as deferred revenue until the "available" criterion has been met. Sales and use taxes collected by the state and remitted to the City within the "available" time period are recognized as revenue. Revenues collected in advance are deferred and recognized in the period to which they apply.

Revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period (60 days), or are not objectively measurable, include licenses, permits, and miscellaneous revenues. Revenue is recognized when cash is received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

South Weber City has three major governmental funds; the general fund special revenue and the capital projects fund. The general fund is the main operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The capital projects fund accounts for resources dedicated to the construction or improvement of capital assets. These constructed or improved capital assets are for the benefit of any or all governmental funds.

#### **Budgets and Budgetary Accounting**

Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the City Council on or before June 15 for the fiscal year commencing the following July 1, in accordance with Utah State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 15, a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Expenditures cannot exceed appropriations at the department level. Management can move budgeted amounts from one line item to another within a department or decrease appropriations. The City Council can increase appropriations after holding a public hearing.

The governmental funds budget is prepared using the modified accrual basis of accounting. Governmental appropriations lapse at year-end.

#### **Cash, Cash Equivalents, and Investments**

The City complies with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City's policy is to report all investments at value and the change in fair value to be included in revenues or expenses. The City's investment in the State Treasurer's Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. In all statements, the City considers all highly liquid investments, including restricted assets that mature within ninety days or less when purchased, to be cash equivalents.

#### **Depreciable Fixed Assets**

Fixed assets are valued at historical cost, or estimated historical cost, for assets where actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The City has a capitalization threshold of \$500 for all assets. The City follows GAAP by capitalizing a portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) as a cost of constructed property and equipment in enterprise funds. Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

Buildings	30-40	years
Improvements, other than buildings	5-40	years
Machinery and equipment, including leased property under capital leases	5-20	years
Infrastructure roads, signals, lights, and bridges	25-40	years
Water and sewer lines	20-100	years
Vehicles	5-10	years

#### **Bond Insurance Costs and Amortization**

Amortization of bond issue costs and bond discounts are computed on the straight-line method over the life of the related bonds.



### **Property Taxes**

Ad valorem (based on value) property taxes constitute a major source of general fund revenue. Taxes are levied through the passage of an ordinance in June of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The county assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property, as of January 1, the assessment date. The county is then required to complete the tax rolls by May 15. By July 21 the county treasurer is to mail assessed value and tax notices to property owners. A taxpayer may then petition the county board of equalization between August 1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1. On this same date the auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 a lien is attached to the property. The outstanding amount of taxes and penalties bear interest from January 1 until paid. If, after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the county on a monthly basis. With the July 1, 2000, adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, South Weber City changed its accounting for property taxes.

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), South Weber City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2006.

### **Inter-fund Transactions**

In the normal course of its operations, the City has various transactions between funds. Transfers are recognized as operating transfers in and out, respectively, by the funds receiving and providing the transfer.

### **Long-term Liabilities**

Long-term liabilities that will be financed from governmental funds are accounted for in the governmental activities portion of the government-wide statements, while those of proprietary funds are accounted for in their respective funds.

### **Use of restricted funds**

The City has funds with various restrictions. When an expense is incurred which meets the requirements to release the restriction, such restricted funds are first used to satisfy the expense followed by any unrestricted funds needed to satisfy the expense.

### **Contributions**

Certain proprietary fund types receive contribution for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue. With the adoption of GASB No. 34, amounts that were contributed in prior years and were shown as contributed capital have been reclassified to part of beginning net assets.

### **Compensated Absences**

The City compensates employees for unused vacation and compensation time. Sick pay is not paid to employees upon termination. Accumulated unpaid amounts are accrued when incurred in the government wide funds. The proprietary funds include accrued vacation pay in their financial statements.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the general and capital projects funds.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. INTER-LOCAL AGREEMENTS**

The City participates in the following special districts and county governments to provide services to its residents:

- Davis Metro Narcotics Strike Force
- Davis County Emergency Assistance Program
- Davis County Street Sweeping Services
- Davis County Law Enforcement Services
- Davis County Solid Waste Special District

The City has representatives on the governing board of the above districts but does not have total final control over the fiscal or administrative activities of these entities. Payments or services to these entities are included in the expenditures of the City's general fund.

## **3. COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

South Weber City contributes to the Local Governmental Contributory Retirement Systems and the Local Governmental Noncontributory Retirement Systems administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems is established and governed by the respective section of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issues a publicly available financial report that includes financial statements and required supplementary

information from the Local Governmental Contributory Retirement Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102, or by calling 1 (800) 365-8772.

#### **Funding Policy**

In the Local Governmental Noncontributory Retirement System, South Weber City is required to contribute 9.62% of the annual covered salary. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

South Weber City's contributions to the Local Governmental Contributory and Noncontributory Retirements Systems for the years ended June 30, 2006, 2005, and 2004, were as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Noncontributory salaries	\$ 499,113	\$ 447,659	\$ 436,044
Noncontributory employer contributions	55,352	49,646	41,947
401(k) contributions			
Employee contributions, paid by employer	35,309	22,901	23,082
Employee's contributions	31,730	28,880	23,138

These contributions were equal to the required contributions for each year.

#### **4. INTERFUND TRANSFERS**

Transfers to the general fund were \$30,000 from the capital improvements fund. Transfers to the recreation fund were \$160,300, \$60,300 from the general fund and \$100,000 from the capital improvements fund. Transfers to the capital improvements fund were \$380,000 from the general fund. These transfers are outlined as follows:

<u>Funds</u>	<u>Out</u>	<u>In</u>
General fund	\$ 440,300	\$ 30,000
Recreation fund	-	160,300
Capital Improvements	130,000	380,000
	<u>\$ 570,300</u>	<u>\$ 570,300</u>

The purpose of the transfers is to fund capital projects for financing capital improvements and to provide cash for operations in the recreation fund.

## 5. CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for governmental and business type activities during the year ended June 30, 2006.

ACTIVITY	Beginning	Additions	Deletions	Ending
<b>GOVERNMENTAL ACTIVITIES</b>				
Nondepreciated assets				
Land	\$ 1,100,991	\$ 12,900	\$ -	\$ 1,113,891
Total nondepreciated assets	<u>1,100,991</u>	<u>12,900</u>	<u>-</u>	<u>1,113,891</u>
Depreciated assets				
Buildings	3,100,817	5,980	-	3,106,797
Improvements	4,796,422	-	-	4,796,422
Equipment	556,235	33,604	-	589,839
Office equipment	13,678	-	-	13,678
Vehicles	417,615	20,000	-	437,615
Total depreciated assets	<u>8,884,767</u>	<u>59,584</u>	<u>-</u>	<u>8,944,351</u>
Less accumulated depreciation				
Office equipment	(10,202)	(1,039)	-	(11,241)
Buildings	(178,491)	(74,243)	-	(252,734)
Improvements other than buildings	(2,307,432)	(175,548)	-	(2,482,980)
Vehicles	(333,859)	(16,560)	-	(350,419)
Machinery and equipment	(519,887)	(40,808)	-	(560,695)
Total Accumulated depreciation	<u>(3,349,871)</u>	<u>(308,198)</u>	<u>-</u>	<u>(3,658,069)</u>
Net assets depreciated	<u>5,534,896</u>	<u>(248,614)</u>	<u>-</u>	<u>5,286,282</u>
Total governmental activities	<u>6,635,887</u>	<u>(235,714)</u>	<u>-</u>	<u>6,400,173</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated assets				
Land	8,467	-	-	8,467
Total nondepreciated assets	<u>8,467</u>	<u>-</u>	<u>-</u>	<u>8,467</u>
Depreciated assets				
Buildings	304,114	-	-	304,114
Improvements	7,451,372	-	-	7,451,372
Equipment	294,396	4,341	-	298,737
Vehicles	270,250	22,930	-	293,180
Total depreciated assets	<u>8,320,132</u>	<u>27,271</u>	<u>-</u>	<u>8,347,403</u>
Less accumulated depreciation				
Buildings	(19,140)	(7,519)	-	(26,659)
Improvements other than buildings	(1,320,978)	(139,323)	-	(1,460,302)
Vehicles	(160,324)	(20,957)	-	(181,281)
Machinery and equipment	(150,660)	(17,934)	-	(168,594)
Total accumulated depreciation	<u>(1,651,102)</u>	<u>(185,733)</u>	<u>-</u>	<u>(1,836,836)</u>
Net assets depreciated	<u>6,669,030</u>	<u>(158,462)</u>	<u>-</u>	<u>6,510,567</u>
Total business type assets	<u>6,677,497</u>	<u>(158,462)</u>	<u>-</u>	<u>6,519,034</u>
Total combined assets	<u>\$ 13,313,384</u>	<u>\$ (394,176)</u>	<u>\$ -</u>	<u>\$ 12,919,207</u>

Depreciation Expense for the year ending June 30, 2006, is as follows:

	Governmental Types	Business Types	Totals
FUNCTION			
General government	\$ 10,686	\$ -	\$ 10,686
Public safety	45,966	-	45,966
Streets	181,233	-	181,233
Parks	12,152	-	12,152
Recreation	56,032	-	56,032
Nondepartmental	2,129	-	2,129
Water and sewer	-	185,733	185,733
Totals	<u>\$ 308,198</u>	<u>\$ 185,733</u>	<u>\$ 493,931</u>

## 6. LONG-TERM DEBT

Bonds payable at June 30, 2006, are comprised of the following individual issues:

Long-Term Debt	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
\$550,000 original issue excise tax road bonds, series 1998. Due in quarterly installments of \$14,000. The rate is 4.5%. The bonds mature in 2008. The bonds are secured by Class C revenues.	\$ 206,000	\$ -	\$ 75,000	\$ 131,000	\$ 64,000
\$1,655,000 original issue sales tax revenue bonds series 2004 due in annual installments. The rate varies from 2 to 5% and the bond matures in 2029.	1,610,000	-	45,000	1,565,000	45,000
Total governmental long-term debt	<u>1,816,000</u>	<u>-</u>	<u>120,000</u>	<u>1,696,000</u>	<u>109,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Series 1992A revenue bonds. Original issue was \$3,056,000 with interest at 0%. The bonds are secured by sewer revenues. The bonds mature in 2013.	1,376,000	-	153,000	1,223,000	153,000
Series 1996 bonds original issue was \$733,000 with interest at 5.9%. The bonds are secured by storm sewer revenues and mature in 2007.	183,000	-	89,000	94,000	94,000
Total business-type long-term debt	<u>1,559,000</u>	<u>-</u>	<u>242,000</u>	<u>1,317,000</u>	<u>247,000</u>
Total long term debt	<u>\$ 3,375,000</u>	<u>\$ -</u>	<u>\$ 362,000</u>	<u>\$ 3,013,000</u>	<u>\$ 356,000</u>
Compensated absences					
Governmental funds	\$ 15,047	\$ -	\$ 3,443	\$ 11,604	\$ -
Business funds	6,506	1,308	-	7,814	-
Total	<u>\$ 21,553</u>	<u>\$ 1,308</u>	<u>\$ 3,443</u>	<u>\$ 19,418</u>	<u>\$ -</u>

The annual debt requirement to maturity, including principal and interest as of June 30, 2006, is listed in the following table:

Year Ending June 30	Government Activities		Business Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 109,000	\$ 71,127	\$ 247,000	\$ 2,890	\$ 356,000	\$ 74,017
2008	112,000	67,313	153,000	-	265,000	67,313
2009	45,000	64,400	153,000	-	198,000	64,400
2010	50,000	63,275	153,000	-	203,000	63,275
2011	50,000	61,150	153,000	-	203,000	61,150
2012-2016	270,000	253,860	458,000	-	728,000	253,860
2017-2021	340,000	249,100	-	-	340,000	249,100
2022-2016	425,000	129,860	-	-	425,000	129,860
2017-2021	295,000	27,370	-	-	295,000	27,370
Totals	<u>\$ 1,696,000</u>	<u>\$ 987,455</u>	<u>\$ 1,317,000</u>	<u>\$ 2,890</u>	<u>\$ 3,013,000</u>	<u>\$ 990,345</u>

## 7. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City's funds. Cash and investments as of June 30, 2006, are classified in the accompanying financial statements as follows:

### Statement of net assets:

Cash and cash equivalents	\$ 3,167,601
---------------------------	--------------

Cash investments and cash equivalents as of June 30, 2006, consist of the following:

Deposits with financial institutions	\$ 1,429,670
Investments state treasure	<u>1,838,858</u>
Total cash and cash equivalents	<u>\$ 3,268,528</u>

### Investments Authorized by the Utah Government Code

The City follows the requirements of the Utah Money Management Act in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution in whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investments and investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by, the United

States government, agencies of the United States government, any state within the territorial United States of America, or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the type of authorized investments it makes. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by agencies of the U.S. government, or any state within the territorial United States of America, or repurchase agreements or interest-bearing time deposits with state or national banks meeting certain minimum net worth requirements.

As of June 30, 2006, the City had the following investments and maturities

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	\$ 1,838,858	\$ 1,838,858	\$ -	\$ -
Total investments	<u>\$ 1,838,858</u>	<u>\$ 1,838,858</u>	<u>\$ -</u>	<u>\$ -</u>

#### **Interest Rate Risk**

Interest rate risk is the risk that occurs when changes in interest rates will adversely affect the fair value of an investment. The City policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. In accordance with that act, the remaining term to maturity of the investments above do not exceed the period of availability of these funds.

#### **Credit Risk**

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act. As of June 30, 2006, the Utah Public Treasurer's Investment Fund was unrated.

#### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City policy for reducing the risk of loss is to comply with the Rules of the Money Management Council. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

**Custodial Credit Risk Deposits**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy of custodial credit risk. As of June 30, 2006, \$1,022,969 of the \$1,429,670 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial Credit Risk Investments**

For an investment, this is the risk that, in the event of the failure if the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer Investment Fund has no custodial credit risk.

**8. RESERVED FUND BALANCES**

The City records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amounts of all reserves used by the City.

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Specific projects	\$ 478,600	\$ -	\$ 478,600
Bond reserve and escrow funds	375,265	102,688	477,953
Totals	<u>\$ 853,865</u>	<u>\$ 102,688</u>	<u>\$ 956,553</u>

**9. INTEREST EXPENSE**

The proprietary fund incurred \$55,733 in interest expense of which \$55,733 was charged to expense and \$0 was capitalized. The governmental funds incurred \$64,963 in interest expense.

**10. RESTRICTED CASH**

The City has restricted cash of \$569,473 for specific projects and programs and \$117,117 for bond reserve funds in the capital improvements fund. The utility fund has \$17,802 for specific projects and \$102,688 in the bond reserve and construction escrow accounts.

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, property damage, errors, omissions, injuries, and natural disasters. The City has purchased comprehensive general liability insurance. The City pays premiums for general insurance coverage, automobile liability, and personal injury protection.

**12. TOTAL COLUMNS**

Total columns on the governmental fund statements are captioned "Total" and are presented to facilitate financial analysis. Data in these columns does not represent consolidated information since interfund eliminations have not been made.



### 13. CAPITAL LEASES

The City entered into a lease to purchase a vehicle in the enterprise fund. The vehicle has been recorded as a fixed asset at its purchase price. The lease is payable over a five year period. The future minimum lease payment required under the capital lease and the net present value of future lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Lease Payment</u>
June 30, 2007	\$ 15,435
June 30, 2008	15,435
Totals	<u>30,870</u>
Less amounts representing interest	<u>2,637</u>
Present value	28,233
Less current portion	<u>14,129</u>
Long term portion	<u>\$ 14,104</u>

The amount of the asset under the capital lease is \$70,708 and the accumulated depreciation is \$70,708. The lease has a fiscal funding clause that allows the City to cancel the lease. The asset leases are included in assets to the enterprise fund and are depreciated.

### 14. RELATED PARTY INFORMATION

The Mayor serves on the board of the burn plant and the sewer improvement district. The City owes \$14,620 to the burn plant as of June 30, 2006.

A City employee serves on the board of the Davis Mosquito Abatement District. There were no transactions between the City and this entity during the year ended June 30, 2006.

The City entered into an inter-local agreement for law enforcement services. The City will pay \$8,310 monthly for twelve months beginning July 1, 2006.

### 15. LITIGATIVE

The City is involved in various litigations involving injunctive actions. The majority of damages sought can not be determined, and not all the litigative matters have scheduled court dates. The sole estimable damages totaled \$18,500. The City has set aside this amount in escrow.

### 16. COMPLIANCE

The City general fund balance is in excess of the legal limit.

### 17. SUBSEQUENT EVENTS

The City approved an award for a waterline system totaling \$144,009. In addition, the City approved a bid for road work totaling \$108,467. Both awards will be paid in the 2006-2007 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

# SOUTH WEBER CITY

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary	(Unfavorable)
			Basis	Variance with
				Final Budget
<b>REVENUES</b>				
General property taxes	\$ 243,264	\$ 257,200	\$ 256,222	\$ (978)
Sales, use, and excise taxes	460,000	499,000	433,309	(65,691)
Franchise taxes	225,000	300,000	320,795	20,795
Licenses	90,350	133,500	135,552	2,052
Fines	160,000	194,000	198,659	4,659
Interest	25,000	50,000	59,569	9,569
Intergovernmental	155,400	193,356	196,257	2,901
Charges for services	26,370	22,000	21,648	(352)
Contributions	25,000	33,000	33,114	114
Miscellaneous	3,500	5,500	9,483	3,983
Total revenues	<u>1,413,884</u>	<u>1,687,556</u>	<u>1,664,608</u>	<u>(22,948)</u>
<b>EXPENDITURES</b>				
General government	546,417	642,200	632,047	10,153
Highways and streets	351,500	253,250	186,529	66,721
Public safety	278,350	292,350	276,147	16,203
Parks	103,000	89,386	83,385	6,001
Debt service				
Principal	75,000	75,000	75,000	-
Interest	8,297	8,297	8,297	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,362,564</u>	<u>1,360,483</u>	<u>1,261,405</u>	<u>99,078</u>
Excess of revenues over expenditures (usage of fund balance)	<u>51,320</u>	<u>327,073</u>	<u>403,203</u>	<u>(122,026)</u>
<b>OTHER FINANCES SOURCES (USES)</b>				
Transfers out	60,300	(440,300)	(440,300)	-
Transfers in	33,980	33,980	30,000	-
Total other financing sources	<u>94,280</u>	<u>(406,320)</u>	<u>(410,300)</u>	<u>-</u>
Net change in fund balance	145,600	(79,247)	(7,097)	(122,026)
FUND BALANCE, BEGINNING	<u>427,417</u>	<u>427,417</u>	<u>427,417</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 573,017</u>	<u>\$ 348,170</u>	<u>\$ 420,320</u>	<u>\$ (122,026)</u>

### Notes to schedule

1. Budget note: There are no differences between budgetary basis and GAAP basis on these statements.
2. The general government overspent their department budget within the general fund.

The accompanying notes are an integral part of this statement.

**SUPPLEMENTARY INFORMATION**

# SOUTH WEBER CITY

## Budgetary Comparison Schedules Special Revenue Fund For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary	(Unfavorable)
			Basis	Variance with
				Final Budget
REVENUES				
Charges for services	\$ 57,000	\$ 57,000	\$ 56,914	\$ (86)
Sales taxes	-	-	109,963	109,963
Impact fees	54,000	54,000	55,964	1,964
Contributions	-	-	-	-
Total revenues	<u>111,000</u>	<u>111,000</u>	<u>222,841</u>	<u>111,841</u>
EXPENDITURES				
Recreation	158,800	158,800	196,046	(37,246)
Principal	45,000	45,000	45,000	-
Interest	67,500	65,000	64,963	37
Total expenditures	<u>271,300</u>	<u>268,800</u>	<u>306,009</u>	<u>(37,209)</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(160,300)</u>	<u>(157,800)</u>	<u>(83,168)</u>	<u>74,632</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	160,000	160,000	160,300	300
Transfers out	-	-	-	-
Total other financing sources	<u>160,000</u>	<u>160,000</u>	<u>160,300</u>	<u>300</u>
Net change in fund balance	(300)	2,200	77,132	74,932
FUND BALANCE, BEGINNING	<u>28,075</u>	<u>28,075</u>	<u>28,075</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 27,775</u>	<u>\$ 30,275</u>	<u>\$ 105,207</u>	<u>\$ 74,932</u>

The accompanying notes are an integral part of this statement.

# SOUTH WEBER CITY

## Budgetary Comparison Schedules Capital Improvement Fund For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final	Budgetary Basis	Variance with Final Budget
REVENUES				
Charges for services	\$ 96,000	\$ 96,000	\$ 115,660	\$ 19,660
Interest	-	-	-	-
Total revenues	<u>96,000</u>	<u>96,000</u>	<u>115,660</u>	<u>19,660</u>
EXPENDITURES				
Capital outlay	<u>268,500</u>	<u>268,500</u>	<u>49,285</u>	<u>219,215</u>
Total expenditures	<u>268,500</u>	<u>268,500</u>	<u>49,285</u>	<u>219,215</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(172,500)</u>	<u>(172,500)</u>	<u>66,375</u>	<u>(199,555)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	172,500	172,500	380,000	207,500
Transfers out	-	-	(130,000)	-
Total other financing sources	<u>172,500</u>	<u>172,500</u>	<u>250,000</u>	<u>207,500</u>
Net change in fund balance	-	-	316,375	7,945
FUND BALANCE, BEGINNING	<u>857,515</u>	<u>857,515</u>	<u>857,515</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 857,515</u>	<u>\$ 857,515</u>	<u>\$ 1,173,890</u>	<u>\$ 7,945</u>

### Notes to schedule

1. There is no differences between GAAP and budget reporting.



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Ray H. Allen, CPA  
Rebecca M. Allred  
Robert L. Archuleta, CPA  
Stephen R. Capson, CPA  
Terry L. Green, CPA  
Scott J. Hanni, CPA  
Danny L. Hendrix, CPA  
B. Joe Merkley, CPA  
Tim C. Rees, CPA  
Jeffrey N. Ririe, CPA  
G. John Runia, CPA  
R. Ted Stagg, CPA

Duane C. Karren, Ret.

### AUDITORS' OPINION ON STATE COMPLIANCE

We have audited the basic financial statements of South Weber City, Utah, for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. Our audit included test work on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah, including:

Public debt	Truth in taxation and property tax limitations
Cash management	Other compliance requirements
Purchasing requirements	C road funds
Budgetary compliance	Uniform building code standards
Impact fees	

The City did not receive any major or non-major state grants during the year ended June 30, 2006. The management of South Weber City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, South Weber City complied, in all material respects, with the general compliance requirements identified above for year ended June 30, 2006.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
November 14, 2006

CERTIFIED PUBLIC ACCOUNTANTS



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

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D. Stagg, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Duane C. Karren, Ret.

To the City Council  
South Weber City

We have audited the basic financial statements of South Weber City, Utah as of and for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether South Weber City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Weber City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of South Weber City in a separate letter dated December 1, 2006.

This report is intended solely for the information and use of the mayor and city council, management, others within the organization, and various federal and state funding and auditing agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Karren Hendrix Stagg Allen & Company*

Karren, Hendrix, Stagg, Allen & Company  
November 14, 2006

CERTIFIED PUBLIC ACCOUNTANTS



# South Weber City

## Schedule of Impact Fees For the year ended June 30, 2006

South Weber City collects sewer, storm drain, park, road, recreation, and public safety impact fees. The following is a recap of the impact fees outstanding by year of collection:

<u>Year Collected</u>	<u>Sewer</u>	<u>Storm</u>	<u>Park</u>	<u>Road</u>	<u>Recreation</u>	<u>Public Safety</u>
2002	\$ 13,870	\$ -	\$ -	\$ -	\$ -	\$ -
2003	13,870	45,019	-	37,994	-	-
2004	13,870	32,235	-	49,728	-	-
2005	13,870	-	3,192	88,811	-	7,200
2006	13,870	36,556	33,365	-	50,880	8,198
<b>Total</b>	<b>\$ 69,352</b>	<b>\$ 113,810</b>	<b>\$ 36,557</b>	<b>\$ 176,533</b>	<b>\$ 50,880</b>	<b>\$ 15,398</b>

The following capital projects are planned to use the impact fees shown above:

<u>Capital Project Planned</u>	<u>Projected Cost</u>	<u>Estimated Starting Date</u>	<u>Type of Impact Fee</u>
475 East & Lester	\$ 200,000	Fall 2006	Roads
Veterian Memorial	\$ 37,000	Winter 2006	Parks
Upstairs Fire Station, new building	\$ 16,000	Winter 2006	Public Safety
475 East & Lester	\$ 120,000	Spring 2007	Storm Drain
Play Ground Equipment	\$ 50,000	Spring 2007	Recreation